

Quarterly Report

Quarter 3, FY 2016

April 1–June 30, 2016



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ABADE
ASSISTANCE IN BUILDING AFGHANISTAN BY DEVELOPING ENTERPRISES



Assistance in Building Afghanistan by Developing Enterprises (ABADE) Program

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List of Acronyms

ABADE:	Assistance in Building Afghanistan by Developing Enterprises	CIPE:	Center for International Private Enterprise
ACCI:	Afghanistan Chamber of Commerce and Industries	CLC:	Cellular lightweight concrete
ACD:	Afghanistan Customs Department	CMAP:	Construction Materials Sector Action Plan
ACEMG:	Afghanistan Carpet Exporters and Manufacturers Guild	CMLT:	Construction Materials Laboratory Testing (training)
ADF:	Agricultural Development Fund	COP:	Chief of Party
AISA:	Afghanistan Investment Support Agency	DAIL:	Afghanistan Directorate of Agriculture, Irrigation and Livestock
AOR:	Agreement Officer's Representative	DBA:	Doing business as
APPF:	Afghan Public Protection Force	DCOP:	Deputy Chief of Party
AREU:	Afghanistan Renewable Energy Union	DFID:	UK Department for International Development
ASI:	Adam Smith International	EMMP:	Environmental mitigation and monitoring plan
ASM:	Artisanal and small-scale mining	ERF:	Environmental review form
ASMED:	Afghanistan Small and Medium Enterprise Development	ERR:	Environmental review report
ATAR:	Afghanistan Trade and Revenue Project	FAIDA:	Financial Access for Investing in the Development of Afghanistan
AWDP:	Afghanistan Workforce Development Program	GDA:	Global Development Alliance
AWLE:	Afghan Women's Leadership in the Economy	GIRoA:	Government of the Islamic Republic of Afghanistan
BCCI:	Balkh Chamber of Commerce and Industry	GIZ-IS:	Deutsche Gesellschaft für Internationale Zusammenarbeit International Services
BCU:	Balkh Craft Union	ICT:	Information and communications technology
BEO/OAPA:	Bureau Environmental Officer / Office of Afghanistan and Pakistan Affairs	IDEA-NEW:	Incentives Driving Economic Alternatives for the North, East, and West
CCN:	Cooperating country national	IESC:	International Executive Service Corps
		IT:	Information technology

LOP:	Life of project	SCEB:	Stabilized compressed earth bricks
M&E:	Monitoring and evaluation	SEDEP:	Sustainable Economic Development and Employment Promotion
MEO:	Mission Environmental Officer	SHAHAR:	Strong Hubs for Afghan Hope and Resilience
MEP:	M&E plan	SIV:	Special immigrant visa
MEW:	Ministry of Energy and Water	SME:	Small and medium enterprise
MFA:	Ministry of Foreign Affairs	SMED:	Small and Medium Enterprises Development Directorate of MoCI
MIDAS:	Mining Investment and Development for Afghan Sustainability	TMF:	Turquoise Mountain Foundation
MoCI:	Ministry of Commerce and Industries	TOT:	Training of trainers
MoF:	Ministry of Finance	UNAMA:	United Nations Assistance Mission in Afghanistan
MoMP:	Ministry of Mines and Petroleum	UNDP:	United Nations Development Programme
MoPW:	Ministry of Public Works	UNHCR:	The UN Refugee Agency
MoWA:	Ministry of Women's Affairs	UNOPS:	United Nations Office for Project Services
MUDA:	Ministry of Urban Development Affairs	USAID:	United States Agency for International Development
NEPA:	National Environmental Protection Agency	VEGA:	Volunteers for Economic Growth Alliance
NGO:	Nongovernmental organization	WIE:	Promote: Women in the Economy
NMD:	New Market Development	WSME:	Women's small and medium enterprise
OAPA:	Office of Afghanistan and Pakistan Affairs		
OEG:	Office of Economic Growth		
OIG:	Office of Inspector General		
PLSO:	Partner Liaison Security Office		
PPA:	Public-private alliance		
PPE:	Personal protective equipment		
PIRS:	Performance indicator reference sheets		
RADP:	Regional Agricultural Development Program		
REO:	Regional Environmental Office		
RLO:	Regional Legal Office		
RMC:	Risk management consulting		



Training of technologists in CT imagery

1 Project Overview

Assistance in Building Afghanistan by Developing Enterprises (ABADE) works with the private sector in Afghanistan to strengthen its productivity and help enterprises sustain growth and create jobs. ABADE's objectives are to increase domestic and foreign investment, stimulate employment, and improve sales of Afghan products. ABADE's public-private alliances (PPAs) with small and medium enterprises (SMEs) help reduce the risks involved in business expansion. The project coordinates with other USAID programs to improve the business-enabling environment, develop a skilled workforce, and facilitate access to finance.

Current Activities

SME alliances: Capital is provided to existing SMEs or business alliances through a competitive application process. The Afghan business partners must invest at least twice the amount of USAID's contribution. An example of an SME alliance is ABADE's investment in a medical-grade cotton production line for a manufacturer of hospital equipment.

Innovation public-private alliances (PPAs): USAID aims to stimulate innovation by providing capital for new business ideas through a competitive application process. The Afghan business partners must invest an amount at least equal to the USAID contribution. ABADE's investment in the production of high-quality compost using thousands of imported worms—the first use of this approach in Afghanistan—is an example of an innovation PPA.

Technical assistance and business advisory services: ABADE provides technical assistance and business advice to SMEs, sub-award recipients and other key stakeholders in areas such as accounting, marketing, access to finance, achieving quality standards, and using specialized production machinery. Special focus is placed on women entrepreneurs and ABADE's PPA partners.

Business-enabling environment: ABADE works with the Ministry of Commerce and Industries (MoCI) of Afghanistan to improve Afghanistan's business climate by addressing regulatory and procedural barriers that affect a private enterprise's ability to compete. After working with businesses and government to create five-year, industry-specific action plans for the agribusiness, marble, gemstones and jewelry production, construction materials, carpets, and women-owned small and medium enterprises sectors, ABADE is now assisting stakeholders with the implementation of priority initiatives identified in those action plans.

2 Executive Summary

This report summarizes accomplishments in ABADE's three programmatic components (PPAs, technical assistance and business advisory services, and business-enabling environment) for Q3 of FY2016, covering the period from April 1 to June 30, 2016.

2.1 Summary of Results

After achieving most of its targets in the previous quarter, ABADE made substantial progress toward reaching the few outstanding indicator targets in Q3 of FY2016. A total of 44 new SMEs have been supported through public–private alliances, technical assistance, or training. This brings the total number of SMEs supported to 93% of the life-of-project (LOP) target. One business constraint has been successfully addressed, effectively achieving the LOP target. Other indicators are on track to be achieved or exceeded before the end of the program in April 2017.

Component 1: Public–Private Alliances (PPAs)

This quarter, ABADE started two new alliances that had been approved in the previous quarter. These two alliances have a total value of almost \$4 million, and have the potential to create almost 2,000 new direct jobs.

Thirty-six PPAs, valued at more than \$42.5 million, were closed out this quarter. Through them, ABADE leveraged more than \$38 million in partner funds, investing only \$4.2 million of USAID funds. This amounts to \$9.18 of partner funds invested for every \$1.00 of USAID funds invested. Ownership of equipment valued at \$1.68 million was transferred to 37 PPA partners.

A total of 132 investment partnerships are currently under implementation, and 165 have been completed over the life of project. A total of 120 PPA partners have received the right, title, and interest of equipment ABADE procured. The total value of that equipment is almost \$3.5 million.

Component 2: Technical Assistance and Business Advisory Services

Component 2 team members continued to focus on PPA implementation, the provision of technical assistance to PPA partners and other program stakeholders, and management of demand-driven training. ABADE conducted two training activities for program partners and industry stakeholders this quarter, and continued providing PPA partners with technical assistance in food safety. A total of 25 SMEs were provided with training and technical assistance this quarter.

Component 3: Business-Enabling Environment

ABADE continued to support MoCI in implementing action plans for target industries. This quarter, ABADE helped MoCI hold working group (WG) meetings, mobilized stakeholders, and assisted MoCI and the Ministry of Mining and Petroleum (MoMP) to jointly hold a National Gemstone and Jewelry Sector Conference at MoMP. The conference was attended by a large number of participants from various government- and donor-funded projects.

During this quarter, ABADE addressed one constraint identified in the Marble Sector Action Plan, related to poor skill levels in modern mining and cutting/polishing practices. ABADE provided two sets of training programs to build participants' skills in quarry operations and marble processing (cutting/polishing practices).

Work on addressing constraints from the Construction Materials Action Plan also progressed significantly. ABADE held four training sessions to build capacity in the sector and introduce new materials.

2.2 Constraints and Critical Issues

ABADE continues to encounter the following constraints and critical issues, which have been mentioned in prior reports.

Delays in PPA implementation have been an overriding concern since the beginning of the program, and are especially detrimental at this late stage, where even a small delay can mean extending a PPA's completion date past the ABADE end date.

Major delays stem from the lengthy and complicated process of re-registering companies with the Afghanistan Investment Support Agency (AISA). ABADE requires that all SME partners have updated business licenses; if a PPA partner's business registration has lapsed, all activities relating to that PPA are

Equipment Title Transferred to PPA Partner

In November 2015, Sulaiman Khel and ABADE completed an investment alliance with a total value of over \$36,000. ABADE provided a drill press, hydraulic press, brake disk and drum lathe, and metalworking lathe to help with vehicle repairs. Sulaiman Khel purchased new small tools, installation, and wiring, and hired six new employees. On June 1, 2016, ABADE transferred the title of the new equipment to Sulaiman Khel. With new equipment and workers, his shop, DBA Afghan Aryub Engineering and Technical Workshop, is now able to offer metalworking, car repair, and lathe services to more individuals and businesses than ever.



With new equipment, Sulaiman Khel is able to produce, rebuild, and repair a greater volume and wider range of metal parts.

suspended. This creates problems when procurement has already commenced and the equipment is in transit, as the shipment can no longer be suspended.

Other delays are being caused by the impact of the worsening security situation on Afghanistan's overall economy. The security situation has slowed economic growth, and alliance partners are struggling to complete their deliverables on time due to cash flow problems and reduced revenue. In the majority of alliances, the partner is responsible for preparing the site or facility to house the ABADE-procured equipment or for purchasing a part of the production line. When they are unable to do so, the installation of the equipment is delayed. In several cases, ABADE has been forced to warehouse equipment until the partner was ready to receive it, and in other cases the partner has withdrawn from the alliance altogether due to lack of funds. In addition, the border issue at Torkham Gate, where an incident erupted between Afghanistan and Pakistan, froze some of ABADE's shipments at the border; fortunately, this issue was resolved in less than two weeks.

Lack of technical experience and expertise in Afghanistan is another constraint affecting several alliances. Much of the equipment and many of the production lines ABADE procures for PPA partners is new or improved technology for the partners. It often requires expert assistance for installation, integration into the existing production and training of staff. Technical expertise for this is lacking in Afghanistan, and security concerns are preventing Turkish, Chinese, and other experts from traveling to Afghanistan. ABADE is seeking alternative solutions, such as hiring Pakistani experts who are more willing to travel to Afghanistan or sending Afghan engineers to other countries for training. However, the latter approach is proving increasingly difficult. Due to the current global refugee crisis, Afghan citizens are not being issued visas to travel to many countries.

Lack of proper coordination and communication between ministries is a critical problem. One such issue is between the MoMP and the Ministry of Finance (MoF) on the royalty rates for the marble and the gemstone sectors. This has created a level of mistrust and discontent among the marble and gemstone sector associations, limiting their participation in WG meetings. However, this issue has been discussed with MoF, MoMP, and MoCI, and they have all committed to creating a more effective inter-ministerial coordination mechanism to track progress and seek inputs from the private sector for revising their existing policies and work plans. The ministry officials promised feedback at the next sector WG meetings.

3 Activity Implementation

3.1 Key Activities Accomplished during the Quarter

As noted above, ABADE continued to exceed its targets in this quarter. The numbers of both SME alliances and innovation alliances exceeded LOP targets in the previous quarter, and they

currently remain above the LOP target, even with one alliance having been cancelled this quarter¹. A total of 269 SME alliances (103% of LOP target) and 28 innovation alliances (114% of LOP target) have been formed. ABADE's investment in the private sector has also significantly exceeded the LOP target, coming in at 62% over the target. The total joint investment by PPA partners and ABADE is currently more than \$290 million.

This quarter, another LOP indicator target was achieved, which is the number of regulatory constraints addressed. At this point, only two indicators have not yet exceeded LOP targets. These are the number of SMEs supported and the number of jobs created, and both are on track to be achieved before the end of the program in April 2017.

The results for ABADE indicators are presented in Table 1. As agreed with the Agreement Officer's Representative (AOR), ABADE is not reporting on the results of the full-time equivalent (FTE) jobs created indicator this quarter. ABADE's monitoring and evaluation (M&E) plan is currently under revision, and the methodology used to calculate FTE jobs created is proposed to change. Instead of using extrapolation and a sample of the SME population, ABADE will survey all of the SMEs supported. The survey will be done twice a year to avoid excessive time, staff resource, and fiscal burdens. The first such survey was conducted in Q1 of FY2016. The second is scheduled for Q4, and the results will be reported in the FY2016 Annual Report.

¹ The innovation alliance with Blue Sonic JV Computer Parts was cancelled this quarter, reducing the results for indicators 5 and 6.

Table 1 – ABADE Performance Indicator Results²

MEP Ind	Performance Indicator (source of information)	Q3 FY2016 April–June 2016			ABADE Year 4 (FY 2016)			Life-of-Project Totals		
		Target	Total	%	Target	Total	%	LOP Target	Total	%
I. Tier I Indicators										
1	500 SMEs supported with ABADE assistance (SME registration forms)	46	44	96%	184	111	60%	500	464	93%
2	150 private sector firms that have improved management practices as a result of USG assistance (SME registration forms and survey forms)	15	33	216%	61	73	120%	150	240	160%
3	200 firms receiving USG assistance to invest in improved technologies (SME registration forms)	1	1	100%	2	36	1800%	200	284	142%
4	260 SME public–private alliances formed as a result of ABADE assistance (SME PPA agreements)	8	2	25%	8	39	488%	260	269	103%
5	25 innovation public–private alliances formed (Innovation PPA agreements)	2	0	0%	2	10	500%	25	28	112%
6	USD 180 million in private sector investments created (Innovation and SME PPA agreements)	\$ 1,500,000	3879051	259%	\$3,000,000	\$ 90,114,943	3004%	\$180,000,000	\$ 292,407,820	162%
7	20% increase in sales by public-private alliance SMEs (SME registration forms and survey forms)	5%	192%	3840%	20%	192%	960%	20%	192%	960%
8	40 initiatives that provide alternative workplace models for women (Initiative registration forms)	3	2	67%	12	14	117%	40	59	148%
9	200 women trained in “high value” skills (Graduate registration forms)	0	12	N/A	73	55	75%	200	247	124%
10	6 action plans accepted by MOCI (Action plan acceptance forms)	0	0	N/A	0	0	N/A	6	6	100%
11	4 business constraints addressed (Constraint addressed forms)	1	1	100%	2	2	100%	4	4	100%
II. Tier II Indicators										
A	15,000 full-time equivalent jobs created (SME registration forms and survey forms)	N/A			N/A			15,000	1,901	13%
B	80,000 beneficiaries (Beneficiary forms)	40,000	978,800	2447%	40,000	2,367,545	5919%	80,000	2,367,545	2959%

² As agreed with the AOR, ABADE is not reporting on the results of the FTE jobs created indicator in this quarter.

Component 1: Public–Private Alliances

Component 1 is responsible for the implementation of approved and signed PPAs. This involves two sub-components: SME alliances and innovation alliances. SME alliances work with existing productive SMEs, consortia, or joint ventures to mitigate business expansion risks, encourage private investment for business growth and job creation, and expand markets for alliances. Innovation alliances stimulate private sector–led development and investment through innovation-focused activities.

To date, ABADE has invested in 297 partnerships with the private sector. These partnerships comprise 269 SME alliances and 28 innovation alliances.

Table 2 presents ABADE’s overall PPA portfolio, demonstrating results from the start of program implementation to date, as well as accomplishments during the reporting period covering Q3 of FY2016.

Table 2 – ABADE PPA Portfolio as of June 30, 2016

ABADE PPA Portfolio	Number of PPAs	ABADE Contribution	Partner Contribution	Total Investment
Overall results				
Total PPAs	297	\$40,701,866	\$251,959,872	\$292,407,820
USAID/PPA partner leverage ratio		1:6.2		
PPA category				
SME PPAs	269	\$33,214,480	\$214,905,485	\$247,866,047
Innovation PPAs	28	\$7,487,386	\$37,054,387	\$44,541,773
PPA status				
Active PPAs	132	\$32,283,647	\$181,038,452	\$213,068,181
Completed/closed-out PPAs	165	\$8,418,219	\$70,921,420	\$79,339,639
Q3 FY2016				
PPAs formed in Q3 FY2016	2	\$819,335	\$3,059,716	\$3,879,051
PPAs completed in Q3 FY2016	36	\$4,178,748	\$38,344,483	\$42,523,231

Implementation of SME and Innovation Alliances

Completed PPAs

Thirty-six investment partnerships were completed and closed out in Q3 of FY2016. The total investment value of these partnerships was \$42.5 million. ABADE provided the 36 completed PPAs with the primary equipment necessary to undertake their expansion plans via \$4.2 million in investments. The SME partners contributed their existing resources and invested in new

ABADE Partner Appreciation Ceremony in Kabul

U.S. Ambassador P. Michael McKinley recognized the contribution of a group of 40 companies from Kabul, Jalalabad, Kandahar, Herat, and Mazar-i-Sharif that - in collaboration with the U.S. Agency for International Development's Assistance in Building Afghanistan by Developing Enterprise (ABADE) program - have invested \$24.7 million in expanding their businesses with the expectation of creating 2,400 new jobs over the next several years. On average, they have contributed almost \$5 for every \$1 USAID has contributed.

The ceremony took place at the U. S. Embassy in Kabul. The 40 investment partnerships range from food manufacturing and agribusiness, clothing and fabric production, construction materials production, metal fabrication and steel mills, manufacturing of furniture, cookware and kitchenware, as well as pharmaceuticals, leather products, plastic recycling, digital printing, and repair and maintenance services.

"We commend these entrepreneurs for developing new processes and products for a growing consumer market, and for their vision in investing in the future of Afghanistan," said Ambassador McKinley. "They have demonstrated courage, perseverance, and strong commitment to their communities."



existing products, the company has expanded its product line to include two new products:

machinery and training of staff. Partner contributions had an approximate total value of \$38.3 million.

The partnerships completed and closed out in the first quarter operated in diverse sectors, including food manufacturing, agribusiness, carpets, steel and plastic product manufacturing, pharmaceuticals, and construction materials production. Completed alliances closed out this quarter include the following.

An alliance with Kabul Bahar Dairy Production Company allowed the company to obtain a new automatic ice pop production line, ice pop packaging machine, screw compressor, and plate freezers. Before partnering with ABADE, Kabul Bahar exclusively produced packaged dairy ice cream, and struggled to keep up with rising demand. With new equipment, Kabul Bahar has been able to ramp up its production significantly. In addition to producing greater quantities of its

orange- and cherry-flavored ice pops. As a result of the investment, the company has created 99 new jobs (many of which are seasonal) and has more than doubled its net income.

Another PPA closed this quarter is with Pakiza Livestock and Dairy Production Company located in Kabul. In January 2016, ABADE delivered the equipment including the batch pasteurization machine and homogenization machine and contributed the cost of transportation. As a result of its own investment and that of ABADE, Pakiza Company has now expanded its dairy processing capacity by about 20% and launched two new products: cheese and milk cream. The company has also established a sales center inside the city and procured three refrigerated trucks for product distribution. The company's new products mean that its suppliers—village dairy farmers—can more easily and more reliably sell their milk. This partnership has created 50 new direct jobs.

ABADE's investment partnership with Waheedullah Kamawal Edible Oil, Animal Feed and Soap Production Company had a total value of more than \$750,000. ABADE and Waheedullah Kamawal shared the cost of procuring a new laundry bar soap plant, and Waheedullah Kamawal covered all associated transportation and installation costs. The company also hired 48 new workers to operate the new plant. ABADE provided worker safety gear and training. On May 23, 2016, ABADE transferred the title of all the new equipment to Waheedullah Kamawal. With the new equipment, the company has been able to produce higher quality soap bars in larger quantities, and has been able to meet a greater portion of the strong market demand. It plans to significantly increase production, and hopes to hire additional staff after one year.

Table 3 summarizes the PPAs closed out in this quarter.

Table 3 – PPAs Closed Out in Q3 of FY2016

Province	Number of PPAs Closed	ABADE Contributions	Partner Contributions	Total Investment
Balkh	8	\$436,485	\$3,730,016	\$4,166,501
Hirat	7	\$1,016,937	\$6,824,506	\$7,841,443
Kabul	12	\$1,946,831	\$23,507,904	\$25,454,735
Nangarhar	9	\$778,495	\$4,282,057	\$5,060,552
TOTAL	36	\$4,178,748	\$38,344,483	\$42,523,231
Percentage contributed		9.8%	90.2%	

Active PPAs

At the end of Q3 of FY2016, 132 PPAs were active, meaning they were under implementation or in various stages of completion (e.g., procurement, shipping or installation of equipment by ABADE or the partners, technical training in the proper use of new equipment, training in food safety, or training in financial systems or various management practices).

An active alliance that is currently installing received equipment is the one with Saturn Logistic, a woman-owned and managed company. As an innovative project in Afghanistan, this company is investing with ABADE in a recycled toilet paper production line and waste paper management operation. In May 2016, ABADE delivered a toilet paper production line, capable of producing 5 tons of toilet paper per day out of recycled paper, such as waste books and paper, old office paper, white paper off-cut from printing factories, waste newspapers and magazines. Saturn Logistic has already hired 26 new employees, and an additional 60 new jobs will be created after the waste management and toilet paper production lines are fully functional.

Another active investment partnership that has received equipment is the PPA with Kabul Cola Soft Drink Production Company, a Kabul-based company that produces, purifies, and bottles water from a groundwater well, in addition to manufacturing non-alcoholic beverage products such as Kabul Cola, Morning Dew, Orange Juice, and My Apple. As part of this PPA, the company completed construction of a production hangar and procured a beverage preparation system, two labelling machines, a reverse osmosis purification line, and a plastic bottle conveyor. ABADE procured three tanks for purified water, an automatic isobaric filling machine, a continuous inkjet printer for labeling, a thermal shrink wrapping machine and a PET blow-molding machine together with its associated molds. Some equipment has already been received. Installation is in process and is expected to be completed by the end of July 2016. The investment is expected to create 95 direct FTE jobs and an additional 30 indirect jobs in the sales, supply, and transportation sectors.

An alliance that is expected to reach many beneficiaries is the one with Technical Training Inc. (TTI). On April 24, 2016, ABADE delivered standard mechanics equipment, including two-post asymmetrical hoists, an A/C recovery and charge unit, a vertical air compressor, 540-piece tool sets, and more. TTI has already begun using the equipment in its new, state-of-the-art, multi-bay workshop. The company services and repairs cars and conducts mechanic training courses. The new equipment is allowing TTI to offer more quality, affordable automotive service to local clients and to hire 17 new workers. Furthermore, the company estimates that 300 jobs will be created as trainees complete TTI's training and move on to establish their own businesses or join other local workshops. The company's training services focus on all facets of the service center process and are delivered using a curriculum provided by TTI Global in line with the National Automotive Technicians Education Foundation's (NATEF) Automotive Service Excellence (ASE) guidelines for general service technicians. Expert international training staff are delivering the initial in-country training for the local national training staff, covering the content defined by NATEF in the ASE guidelines. Additionally, the curriculum includes remedial classes such as basic math, reading, and computer use. To ensure maximum effectiveness, TTI Global has the ability to produce the curriculum in both Pashto and Dari languages as required.

The geographic distribution of PPAs under implementation as of the end of Q3 FY2016 is shown in Table 4.

Table 4 – Geographic Distribution of Active PPAs at the End of Q3 of FY2016

PPA Type	Province	Number of PPAs	ABADE Contribution (USD)	Partner Contribution (USD)	Total Investment
SME Alliances	Baghlan	1	\$53,183	\$594,871	\$648,054
	Balkh	20	\$5,083,780	\$26,408,490	\$31,492,270
	Hirat	31	\$5,643,281	\$32,460,912	\$38,104,193
	Jawzjan	1	\$45,000	\$524,340	\$569,340
	Kabul	42	\$10,483,231	\$71,179,356	\$81,662,587
	Kandahar	3	\$1,288,100	\$5,643,160	\$6,677,342
	Nangarhar	18	\$3,359,001	\$12,971,545	\$16,330,546
SME Alliances Total		116	\$25,955,576	\$149,782,674	\$175,484,332
Innovation Alliances	Balkh	3	\$1,068,165	\$4,326,949	\$5,395,114
	Hirat	1	\$43,525	\$1,661,404	\$1,704,929
	Kabul	11	\$5,105,781	\$24,971,425	\$30,077,206
	Nangarhar	1	\$110,600	\$296,000	\$406,600
Innovation Alliances Total		16	\$6,328,071	\$31,255,778	\$37,583,849
Total		132	\$32,283,647	\$181,038,452	\$213,068,181

Component 2: Technical Assistance and Business Advisory Services

After completion of PPA development, Component 2 is responsible for providing technical support and training to PPA partners and other SMEs and for delivering high-value skills training to women. High-value skills are defined as technical skills that will enable women to advance in nontraditional sectors or a gainful trade or occupation that provides flexible work hours and work locations.

Technical Assistance for Sub-Award Recipients and Program Stakeholders, and Demand-Driven Technical Assistance

The Component 2 team continued to provide a functional support system for PPA partners. The system is designed to ensure the sustainability of ABADE's investments. Training and technical assistance was provided in the areas of business planning, public relations, health and safety, and hygiene and sanitation.

A number of SMEs who are in public-private alliances with ABADE have been identified as lacking public relations skills. In order to help these and other (non-partner) Afghan SMEs

succeed, ABADE organized a training course to fill this skill gap. ABADE identified 16 PPA partners and non-PPA SMEs to receive training on public relations and marketing. The training aimed to improve participants' capacities to attract new customers, retain existing customers, and build and maintain a positive public image for their products and services.

The training was held over eight days for a total of 48 hours, 36 of which were classroom-based. The remaining 12 hours were reserved for one-on-one assistance to SMEs. The participants expressed high satisfaction with the training, especially with the opportunity it provided to develop a company marketing strategy that included establishing relations with customers and clients to introduce the company's products.

ABADE continued providing technical assistance and training on food safety, sanitation, and hygiene, reaching seven food manufacturing companies in Kabul and Jalalabad this quarter. Site inspections and training were conducted by four short-term food safety specialists. The specialists physically inspected facilities and surroundings; took note of operations, processes, and practices; and explained food safety guidelines to company managers. Using a checklist, the food safety specialists checked for critical factors such as workers' personal hygiene, pest control, restrooms and hand washing facilities, equipment cleanliness and maintenance, water supply, and employee training. Management and employees were then given training in basic sanitation and hygiene and a set of recommendations to be implemented before equipment delivery.

As shown in Table 5, ABADE trained a total of 28 individuals and 16 SMEs in Q3 of FY2016.

Table5 –Technical Assistance/Training Activities in Q3 of 2016

Training Activity	Province	Start Date	End Date	Total Trainees	Males	Females	SMEs
Training of Technologists in Diagnostic Imagery – CT	Kabul	10/4/16	17/5/16	12	2	10	0
Public Relations and Marketing	Kabul	29/6/16	6/6/16	16	15	1	16
Grand Total				28	17	11	16

Gender Issues and Women and Youth in Business

ABADE ensures that women and youth (defined as individuals between 16 and 25 years of age) are provided equitable access to the investment partnerships and technical training offered by the program. ABADE provides two branches of support to these populations: investment partnerships and high-value skills training.

Investment Partnerships

To date, 98 investment partnerships with a total value of over \$75.5 million are responding to gender, youth, or pro-poor concerns. PPAs in this category are further classified based on

ABADE Partner Appreciation Ceremony in Mazari Sharif

ABADE conducted a ceremony to express appreciation to 35 of its Afghan partners in public-private alliances (PPAs) in the Northern region in Mazari Sharif on April 10, 2016. The ceremony recognized the contribution to Afghanistan's economic growth and development by a select group of 35 northern region companies who in collaboration with the ABADE program have invested more than 3 million dollars in expanding their businesses to create 700 jobs over the next several years. On average, they have contributed \$10 for every \$1 of USAID contribution. The ceremony was attended by representatives of the Vice Governor and the Provincial Council, Director of Sector Service department, Directors of Women Affairs, Economy, Commerce and Industries, Industrial Union, Crafts Union and Beauty Parlor Union, other organizations and USAID projects including UNAMA, WIE, RADP North, Musharikat and representatives of ABADE PPA partner SMEs.



Mr. Shier Ahmad Sepahizada, Director of Commerce and Industries, presents certificate to Ahmad Zia Sediqi, owner of Khawar Shoes

whether they are woman-owned or managed, have a staff composed of more than 30% women, and/or are conducting an activity directed at women or youth.

One woman-owned company in an alliance with ABADE that is almost complete is Sarra Design Handicraft Production. Sarra Design produces high-end and custom-designed apparel for women in Kabul. It has established a niche market for its lines among fashion-conscious women by creating products that are a fusion of traditional culture and skill with modern manufacturing techniques from the West. The company's aim is to offer a collection that can compete in quality and innovative design with anything customers can buy in high-end boutiques in the United States and Europe, with an added Eastern flavor unavailable outside of the region. Sarra Design has almost completed its deliverables, including product development, construction of production and training space (including upgrading the existing infrastructure), and development of training materials for current and new employees. The company is still working on a website to help expand its market reach globally. ABADE delivered the automatic sewing equipment, the computer-aided

design program TUKAcad for making and grading patterns, and a 44-inch plotter for design printing. Female tailoring dummies, the remainder of ABADE's contribution, are expected to arrive in Kabul in the next quarter. SARRA Design is expecting to create 27 new full-time jobs.

High-Value Skills Training for Women

ABADE's high-value skills training is designed to enhance women's employability and prepare them for entry into high-skill employment sectors, some of which have traditionally been dominated by men.



CT imaging training

This quarter, ABADE conducted high-value skills training for technologists in diagnostic imagery, with emphasis on CT imaging. ABADE selected a training provider that is expected to establish within Afghanistan sustainable capacity for training technicians who are technically proficient enough to produce diagnostic imagery at a worldwide standard. In previous quarters, the contractor trained two trainers in CT, and those trainers piloted the first round of technician training in this quarter. This

quarter's diagnostic imagery training started on April 10, 2016 and finished on May 17, 2016, comprising more than 120 hours of both classroom instruction and practical examinations. Prior to the course, trainees were given an online, multiple-choice pre-assessment to assist with evaluating the effectiveness of the course. Concepts covered in the course included anatomy and structural identification training as well as understanding and use of CT. Additional support for the anatomy training was provided by a doctor specializing in anatomy, which added to the depth of the course material. The trainees finished the first week with a quiz to identify anatomical structures. The remaining three weeks were a combination of classroom and practical training using two different CT machines. All 12 of the participants, 10 of them women, passed the final assessment by Apollo Medskills, an organization accredited by the Joint Commission International (JCI).

In addition to this training course held in Kabul, four master trainers have been trained in India and will pilot additional courses in ultrasound and mammography in the next quarter. Those trainings are expected to train a minimum of 24 medical imagery technicians in ultrasound and mammography.

Environmental Compliance

ABADE's partners are subject to strict environmental compliance requirements. In the first year of ABADE, an Environmental Manual was developed and approved by USAID. It lays out the procedures for ensuring environmental compliance and use of the Environmental Review Form

(ERF), the Environmental Review Report (ERR), the Environmental Mitigation and Monitoring Plan (EMMP), and Environmental Mitigation and Monitoring Reports (EMMR). In this quarter, no new ERFs or ERRs have been generated, as application development was completed in the previous quarters. However, environmental monitoring and evaluation is ongoing for 130 PPAs that are in the advanced stage of implementation. EMMRs have been closed out and submitted to USAID for 27 alliances.

Personal protective equipment (PPE) has been procured and delivered for 30 PPAs that require this in their ERF and ERR. The PPE includes standard safety equipment (first aid kits and fire extinguishers) as well as safety glasses, work boots, gloves, respiratory protection, and food safety and hygiene equipment. At the time of delivery and throughout environmental monitoring visits, ABADE provides the PPA partners with training and direction on safe use and maintenance of the equipment.

During this quarter, the ABADE environmental compliance team conducted an assessment related to the presence of asbestos in Afghan minerals. The team

Afghanistan Chilgoza Pine Forests Sustainable Harvesting and Regeneration Training Conference

ABADE's short-term forestry and natural resources consultants and ABADE's environmental specialist completed the chilgoza pine forest research started in the first quarter of FY2016. The research included a detailed literature review of scholarly journals and books, information gathering from governmental and non-governmental organizations (NGOs) involved in chilgoza restoration, and surveys of communities located in the chilgoza pine forest region. The Afghanistan Chilgoza Pine Forests Sustainable Harvesting and Regeneration Training Conference was conducted on May 18 and 19, 2016. The intent of the conference was to educate and encourage collaboration between the key actors positioned to lead the effort to promote sustainable harvesting techniques and regeneration strategies for the chilgoza pine forests of eastern Afghanistan. Participants included representatives from the PPA partner Agri Food Trade BV and Bozurg Afghan J.V.; the Afghanistan Directorate of Agriculture, Irrigation and Livestock (DAIL); the National Environmental Protection Agency (NEPA); faculty and students from Kabul, Paktia and Khost Universities; and local environmental consulting firms. The ABADE Environmental Specialist and Senior Civil/Environmental Engineer oversaw the two-day conference. The instructors were the two academic staff from the Forestry and Natural Resources Department of Kabul University who had conducted the six-month research project on the chilgoza pine. The research culminated in a Research Findings Report and a stand-alone Sustainable Use Plan that will be disseminated to Afghan ministries, agencies, and other organizations involved in the forestry sector for use in ongoing outreach and education.

collected information from local and international experts, as well as the PPA partners involved in processing talc and gypsum. The assessment confirmed that talc and calcite sourced from mines in the Khogyani and Kama Districts of Nangarhar Province are free of asbestos. This finding pertains directly to the ABADE alliance with Khogiani Talc Minerals Processing, which produces talcum powder using those deposits. With regard to gypsum that is being processed by PPA partners Sadat Hashimi Gypsum Production Company and Aurganzeb Construction, it has been confirmed by international experts that this material would all be sourced from sedimentary deposits, not the metamorphic formations required to produce asbestos. Therefore, no issues are expected.

Component 3: Business-Enabling Environment

Activities carried out under this component are designed to improve the business-enabling environment for SMEs by identifying key impediments to business and working with stakeholders to remove legal, regulatory, administrative, and related barriers to business development. The primary focus of Component 3 is to identify and remove constraints that inhibit the growth prospects of SMEs operating in the priority industry sectors highlighted in the Government of the Islamic Republic of Afghanistan (GIROA) National Private Sector Development Strategy and MoCI's SME Development Strategy.

ABADE facilitated WG meetings for the carpet and gemstone sectors during this reporting period, as well as assisting to facilitate the National Conference for the Gemstone and Jewelry Sector. The conference was considered a major success because of the achieved cooperation between MoCI and MoMP.

Additionally, ABADE supported the Afghanistan Carpet Exporters and Manufacturers Guild (ACEMG) to develop its website. ACEMG staff were trained in maintaining the website, and it was officially handed over to the Guild.

Supporting Efforts to Implement SME Action Plans

ABADE supports the implementation of MoCI's SME action plans by addressing select priority constraints identified in the action plans and by engaging private sector stakeholders in efforts to remove business development constraints through sector WG meetings and other support to MoCI.

Addressing Priority Constraints in the SME Action Plans

During this reporting period, ABADE continued to address constraints in two of the action plans. In the marble sector, as discussed above, ABADE successfully addressed the constraint from the Marble Sector Action Plan by completing two sets of successful training programs targeting

quarry operations and marble processing. For the construction materials sector, the focuses are capacity building and the introduction of new products and technologies. ABADE also did some capacity building in the carpet sector through support to the ACEMG.

Marble Sector



SCEB training participants engage in practical work

The Marble Industry Action Plan identified a shortage of quarried stone and a reluctance to adopt modern mining practices as two of the important constraints on the marble industry. The objective of the quarry operations training was to improve the technical skills and practices of the quarry workers. The anticipated outcome is the establishment of a cadre of workers who will improve the production rate and quality of blocks extracted from their quarries. Improving the quality standards of mined stone will in turn make the processors' jobs

easier (see below). With additional stone going to the processors, the wholesalers, exporters, and retailers will benefit. After ABADE developed the curriculum and training conditions, a local training provider was used, which means the trainer will be available in-country to do additional training as necessary.

The second training program focused on marble processors. The objective of the course was to develop a cadre of factory workers who can improve the quality and quantity of finished product from marble processing factories throughout Afghanistan. During this training, 30 participants learned modern skills in marble processing that could increase their productivity, expand their output, and create more jobs. The teaching methodology was a combination of hands-on use of tools, demonstrations, and lectures led by an expat trainer. After ABADE developed the curriculum and training conditions, the same local training provider was used, which means they will be available in-country to do additional training as necessary.

Construction Materials Sector

ABADE also progressed in addressing constraints identified in the Construction Materials Sector Action Plan (CMAP). One identified constraint was the introduction of new products and technologies. To begin addressing this, ABADE provided stabilized compressed earth brick (SCEB) training through a local training provider. SCEB is a new technology and product. This training was conducted in three groups, and all trainings were completed on June 2, 2016. A key

feature was the presentation of the SCEB hand press, which can be manufactured locally, can be deployed in any environment, and requires virtually no maintenance. The training provider constructed a hand press using plans provided by ABADE, and gave physical demonstrations of its use. To provide hands-on practice during the training, the SCEB training provider purchased a so-called GreenMachine™. The machine is a patented, rugged, self-contained hydraulic machine that produces structural, precision-engineered tongue-and-groove compressed earth blocks.

To maximize the impact of the training, ABADE aimed to train as many industry participants as possible. ABADE personnel used professional networks to identify participants among active craftsmen, business owners, and representatives of PPA partners. The result was a greater number of applicants than there were seats in the classes, so ABADE vetted the applicants to give priority to certain participants. For example, educators were prioritized, with technical instructors given a higher priority than undergraduate students. Based on the high demand, the next sessions are anticipated to include an even higher quality student roster.

SCEB sessions were monitored daily and the curriculum was revised following each session, resulting in a better quality training for each new session. Feedback on the SCEB training was positive, and some participants made useful suggestions that will be adopted to further improve future sessions. Furthermore, as a consequence of the training, the first 20,000 bricks have been sold for the construction of a building in Parwan Province, and negotiations are ongoing for another contract for SCEB use in constructing a building in Kabul.

ABADE planned to start the training on cellular lightweight concrete (CLC) this quarter. Unfortunately, the local training provider faced problems with the CLC equipment and raw materials (foam agent) clearing customs. These were necessary for conducting the training in this new technology. ABADE is now working with one of its PPA partners to make available the needed equipment, which ABADE had previously imported. The CLC training is expected to begin in the next quarter.

Another main constraint from the CMAP is material quality control and certification. More specifically, the CMAP calls for “developing and promoting the adoption of a set of product quality and safety standards for construction materials” and “establishing certified construction materials laboratory testing facilities.” Key



Construction materials testing laboratory training

to achieving these goals is the training of laboratory staff in the practice of materials testing, since one of the primary underlying problems facing Afghanistan is the shortage of trained laboratory personnel who understand the procedures and importance of material testing. This is not only needed by the industry, but is also a pre-requisite for lab accreditation.

ABADE conducted one session of the construction materials laboratory testing (CMLT) training in May, after the development of the curriculum. Due to the highly technical and very specialized nature of the training, it was (and will continue to be, for future training programs) challenging to coordinate the various technical experts for a comprehensive, contiguous training schedule. Testing procedures required in the marble sector have been integrated into the CMLT curriculum to leverage the impact of the marble sector training, and to prepare laboratories for the anticipated surge in private sector requests for these tests. The curriculum for the CMLT training is currently under revision, based on lessons learned from the first session and feedback from the participants, and the next session is expected to start in July 2016.

Carpet Sector

The work on the website for the ACEMG was completed this quarter, and the website transferred over to ACEMG for administration. ACEMG staff were trained in maintaining the website, and they are expected to populate it with up-to-date content in the future. The purpose of this website is to make the ACEMG available online and link it to relevant organizations, carpet exhibitions, and shows. This is considered to be the first step toward the computerization of the operation of the ACEMG.

Engaging Private Sector Stakeholders in Efforts to Remove Business Development Constraints

ABADE's Component 3 continued to facilitate WG meetings and provide technical support to MoCI's Small and Medium Enterprises Development Directorate (SMED) to ensure that public-private dialogue continues. This quarter, ABADE supported MoCI to hold two WG meetings, one in the gemstone and jewelry sector and one in the carpet sector. ABADE's contributions included providing logistical support, preparing presentations and agendas, extending invitations to donor organizations, selecting participants for the meeting so that specific goals could be achieved, and helping with translating.

In the gemstone and jewelry sector, ABADE assisted MoCI to hold the first National Conference of the Gemstone and Jewelry Sector and WG meeting at MoMP. The conference was co-chaired by the Acting Minister of MoMP and the Deputy Minister of MoCI. MoCI introduced the sector action plan and sought inputs from various other ministries, government agencies and private sector representatives to ease the implementation process. Conference participants, in particular from the private sector, provided their comments to amend the mining law. This input

was welcomed by MoMP senior management. At this conference, the inter-ministerial committee between MoCI and MoMP was also established. Its purposes are to track progress on the proposed mining law amendments and address some of the key obstacles that constrain the gemstone sector.

At the carpet sector WG meeting at MoCI, there was a presentation of the ACEMG website developed by ABADE. The WG members provided comments, which were built into the website as part of the handover process to the Carpet Guild. The changes have helped ensure the website is user-friendly and can become a useful tool for promoting the carpet industry and attracting foreign buyers. The transportation issue was also discussed, and it was agreed to present at the next WG the findings and recent developments with Turkish Airlines.

3.2 Planned Activities for the Next Reporting Period

The following specific activities will be undertaken in the next quarter of FY2016.

ABADE's focus will be directed toward the completion and close-out of PPAs in Kabul, the regional offices in Hirat and Mazari Sharif, and the satellite office in Jalalabad.

Component 2 will organize training courses for PPA partners and other interested SMEs. The course topics will include QuickBooks and high-value skills training in diagnostic imaging, ultrasound, and mammography.

Component 3 will continue implementing training programs initiated in the reporting quarter to help address priority constraints identified in the Construction Materials Action Plan.

ABADE will continue to support MoCI to hold WG meetings and conferences, as these have proven to be good tools for identifying bottlenecks; making decisions on action plan implementation and reviewing progress in addressing the prioritized constraints; coordinating among the private sector, government agencies and the donor community; sharing information; and providing opportunities for the private sector to present problems and ideas to high-ranking government officials (which is not possible otherwise).

ABADE will support MoCI in organizing the Construction Materials National Conference in late August. The conference is expected to discuss the CMAP and inform the private sector about plans to resolve the listed constraints. ABADE will present the investment guides on SCEB and

CLC.

ABADE will organize an Afghan Private Sector Promotion Exhibition and several events in Washington, DC in September. These will highlight the growing strength, sophistication, and resilience of the Afghan private sector. By highlighting the expansion of an array of Afghan enterprises, the program hopes to enlighten and strengthen ties between the Afghan and American private sectors and tell the story of new economic possibilities. It will also highlight the many and varied jobs that have been created over the past couple of years.

4 Lessons Learned

Crucial lessons were learned as ABADE focused its efforts on developing partnerships with mid-sized enterprises, implementing PPAs, closing out completed investments, and addressing the priority constraints identified in MoCI's sector action plans. Lessons learned include the following.

The cost of offloading equipment from the shipper, which was not previously identified as an item of expense, is now included in the shipping cost. This expense was not included in either the partner's or ABADE's contribution. Depending on the size of the machinery, offloading costs can be significant, and the receivers (PPA partners) complained about this unbudgeted expense.

PPAs encourage businesses to adopt new technologies as a means of increasing productivity and efficiency. A major cause of delay in the procurement of equipment for partners was selecting the appropriate machinery for the project. The selection of equipment is done jointly by the PPA partner and the ABADE PPA specialist, and ABADE will not start

Completed PPA

In April 2016, ABADE completed its investment partnership with Asif Ali, owner of DBA Pamir Shoes Company, after both partners fulfilled their deliverable requirements. ABADE procured a hydraulic swing arm cutting press machine, boot hill pressing machine, and glue machine. ABADE also paid all transportation costs associated with the items. Asif Ali contributed a new sole pressing machine and hired and trained four new employees. Before the partnership, Asif Ali used a labor intensive, manual cutting process to make his women's shoes. Now, his cutting process is semi-automated, and he is able to produce a greater quantity of higher quality women's shoes, and also able to offer men's leather shoes.



Asif Ali's new equipment is allowing him to produce more shoes than ever.

procurement without the partner's agreement. In many instances, however, the partner changes his or her preference and asks for the type of machinery or specifications to be changed mid-course. If partners stand firm on the new preference, ABADE has to start the lengthy process of procurement all over again. As a mechanism for reducing this occurrence, PPA teams conducted regular meetings with partners to facilitate better understanding of the processes involved in procurement. Regular communication also assures PPA partners that their concerns are being addressed and makes them aware that some processes take time to complete and crucial changes in equipment will result in long delays.

Recognizing the importance of engaging stakeholders in action plan development and implementation, ABADE has consistently followed an approach that involves substantial participation from private sector stakeholders. This bottom-up approach provides a means of identifying business constraints and opportunities from the perspective of the SMEs that deal with these challenges on a day-to-day basis. Furthermore, providing opportunities for private sector stakeholders to present their problems and ideas to government decision makers through formal channels (such as business roundtables, WGs, task force meetings, and other consultative sessions) helps create a cooperative environment that enables private sector leaders and government officials to work together more effectively to solve problems and promote SME development.

Coordinating inputs from a diverse array of stakeholders to implement action plans requires time and effort to identify stakeholders who are willing and able to help develop solutions to the priority problems included in the action plans, develop cooperative working relationships, and maintain these relationships long enough to make progress in accomplishing action plan objectives. During the course of ABADE's work with MoCI and industry stakeholders to develop and implement sector action plans, it has become obvious that improving communication among stakeholders is a key requirement for improving coordination and cooperation. Frequent face-to-face meetings and effective electronic communications are essential. Consequently, a continuing priority will be placed on supporting efforts by MoCI and the various industry WGs to conduct WG and task force meetings on a regular basis and supplement these meetings with regular reporting of results using online channels such as ABADE.org and AfghanEnterprise.com.

5 Collaboration

The success of ABADE's work in developing and implementing PPA alliances and supporting MoCI in implementing their SME development strategy depends on strong collaboration with different government ministries, development organizations, and implementing partners—including stakeholder groups at the national and regional levels. In implementing and closing out PPA alliances, the regional centers of Hirat, Mazari Sharif, and Jalalabad closely collaborated

with the regional offices of MoCI, the Ministry of Women's Affairs (MoWA), AISA, the Office of the Governor, the economy departments in the provinces, chambers of commerce, industrial unions and financial institutions, USAID implementing partners, and other donor-funded projects operating at the regional level.

Tables 6–8 show ABADE's formal collaboration activities with government ministries, other development organizations, and USAID implementing partners, respectively.

5.1 Links with Relevant GIRoA Ministries

Table 6 – Collaboration with GIRoA Ministries

Collaboration Activity	Date	Organization	Key Highlights
Gemstone and jewelry sector WG meeting	June 6, 2016	MoMP, MoCI, and ABADE	The first Gemstone and Jewelry Sector National Conference introduced the sector action plan and recent progress in the regulatory and licensing process for the gemstone sector and investors.
Carpet sector WG meeting	June 14, 2016	MoCI, Carpet Guild, and ACEMG	Review progress and status of Carpet Sector Action Plan implementation and officially hand over the website to the ACEMG in the presence of MoCI.
Inter-ministerial policy-level coordination	June 12, 2016	MoMP, MoCI, and ABADE	As a follow-on to the National Conference, a senior level inter-ministerial meeting was held between MoCI and MoMP to update the existing Gemstone and Jewelry Sector Action Plan by highlighting some of the key recent developments and changes, such as those related to procedures and the royalty rate reduction.
Meeting with MoCI Deputy Minister	April 11, 2016	MoCI	The ABADE COP and Component 3 Team Leader met with Dr. Abdul Bari Rahman, MoCI Deputy Minister for Private Sector and Industries. The purpose of this meeting was to invite MoCI representatives and brief MoCI on the scheduled event at the U.S. Embassy on May 11.
Department of Economy Meeting	April 13, 2016	Ministry of Economy	ABADE-West participated in this meeting. The aim of the meeting was for the Department of Economy to report its achievement and activities over the last year. It was attended by representatives of governmental and non-governmental organizations/departments. The ABADE-West Regional Manager provided information on the upcoming inauguration of an ABADE-contributed wool processing line at Asia Pharma Industrial Company.

Collaboration Activity	Date	Organization	Key Highlights
Meeting with Department of Economy	April 25, 2016	Ministry of Economy	The ABADE-West Regional Manager attended this meeting to provide information about the inauguration of an extension medical cotton processing line for an ABADE partner. The Department of Economy welcomed the information and committed to support the event.
Meeting with head of AISA in Hirat	June 20, 2016	AISA	The aim of the meeting was for ABADE to discuss the upcoming ABADE partners' coordination meeting, which is supposed to be held in August. The purpose of the meeting is to bring together the manufacturers of different products to try to meet needs for raw materials locally, thereby decreasing imports. This idea was well received by the head of AISA in Hirat, and the agency showed its full support to this program as before.
Meeting with head of Hirat Industrial Union	June 29, 2016	Hirat Industrial Union	The aim of this meeting was to talk over the upcoming ABADE partners' coordination meeting. During the meeting, the ABADE-West Regional Manager discussed the aim of the event. The idea was well received by the head of the union, and the union committed full support to enrich the program.
Collaboration meeting with Director of Commerce and Industries	April 26, 2016	MoCI	The ABADE-North Regional Manager met with the Director of Commerce and Industries of Balkh province. The agenda of the meeting included program updates and a discussion of the potential merging of AISA with MoCI. The latter issue was relevant because some PPA partners' AISA licenses expired, and they didn't know to which department their issue should be addressed. The Director committed to clear up this issue in the coming weeks and to advise businesses where to renew their licenses. ABADE will also be informed and will pass the information to PPA partners.
Collaboration meeting with Director of AISA	April 26, 2016	AISA	The ABADE-North Regional Manager met with the Director of AISA-North. The agenda of the meeting included program updates and a discussion of an upcoming exhibition planned by AISA, in which companies from each of the provinces will show their products. Approximately 50 booths are allocated to companies from the north, and about half of those will be occupied by ABADE PPA partners.

Collaboration Activity	Date	Organization	Key Highlights
Afghan Products Exhibition Inauguration Ceremony	May 2, 2016	Provincial Governor Office, AISA, Balkh Industrial Association	The ABADE-North Regional Manager attended this three-day exhibition and ceremony, in which 100 industrial companies from different sectors and from all parts of Afghanistan came together to show their products. The Minister of Commerce and Industries and Governor of Balkh asked the Afghan people to consider the Afghan first policy and try to use Afghan products in their daily life. Eighteen ABADE PPA partners had booths in the exhibition.
Collaboration meeting with Director of Economy	June 9, 2016	Economy Department	The ABADE-North Regional Manager met with the Director and the Technical Advisor of the Balkh Economy Department, Mr. Abdul Rahman and Ms. Mariam Goth. The meeting agenda included program updates and briefing the department on PPA status and PPAs that received their equipment after ABADE's last PPA completion event in April. The department, as secretariat of the Provincial Development Committee, has to collect all progress reports in the province and present them to the Provincial Governor each month.
Collaboration meeting with Director of AISA in North	June 16, 2016	AISA	The ABADE-North Regional Manager met with the AISA-North Regional Manager, Mr. Sediq Muradi. The meeting agenda included program updates and a discussion of the upcoming ABADE PPA partners' exhibition in Mazar.
Collaboration meeting with Deputy Director of Balkh Industrial Association	June 22, 2016	Balkh Industrial Association	The ABADE-North Regional Manager met with the Deputy Director of Balkh Industrial Association in Mazar. The meeting agenda included program updates and a discussion of the upcoming ABADE PPA partners' exhibition.

5.2 Links with Other Donor Agencies

Table 7 – Collaboration with Other Donor Agencies

Collaboration Activity	Date	Organization	Key Highlights
Coordination with World Bank programs	May 19, 2016	World Bank	The main topic of discussion was the ending of the New Market Development (NMD) program and its eventual extension. A total of 52 ABADE PPA partners had applied for NMD support, mainly for training and marketing activities.

Meeting with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ-IS) and Turquoise Mountain Foundation (TMF)	June 7, 2016	GIZ-IS, TMF	The purpose of this meeting was to review new developments after the initiative to declare lapis a “conflict” stone, including the regulatory proposal for formalization of artisanal mines (prepared by ASMED), and a proposal to establish a commodity exchange (a bourse) for lapis.
Assessment of the M&E system	June 8, 2016	SUPPORT II	SUPPORT II was engaged by USAID to do an assessment of ABADE’s Component 3 and the M&E plan. After this introductory meeting, the group met again on June 9 to determine next steps and discuss the approach for reviewing the reliability of collected data, conducting a data quality assessment for three indicators (number of action plans, FTE jobs, percentage increase in sales), and reviewing definitions of some of the performance indicator reference sheets (PIRS). Determined next steps were for an out-of-country consultant to conduct the assessment of Component 3 and for a planned visit by SUPPORT II to Mazar on June 11–13.
UNHCR meeting	June 1, 2016,	UNHCR	This meeting informed the agency about ABADE accomplishments in the private sector. The ABADE-West Regional Manager provided general information about ABADE and its achievements in the private sector.
One-day roundtable with GIZ-IS and the Economy Department	May 2, 2016	GIZ-IS, Economy Department	The ABADE-North Regional Manager attended a one-day roundtable organized by the Balkh Economy Department. The agenda was discussing and sharing information/experiences on how to link Afghan products, especially Afghan handicrafts, to the market and customers. GIZ-IS, with the financial support of KfW bank, is going to support women entrepreneurs in Balkh finding international markets for their products. The roundtable was attended by directors of MoCI, MoWA, the Afghanistan Chamber of Commerce and Industries (ACCI), the Economy Department, ABADE, and the United Nations Office for Project Services (UNOPS). It was also attended by members of civil societies.

5.3 Links with Other USAID Projects and Other Organizations

Table 8 – Collaboration with Implementing Partners and Other Organizations

Collaboration Activity	Date	Organization	Key Highlights
Gemstone value chain meeting	May 18, 2016	USAID	Exchange of information with the Office of Economic Growth (OEG), Financial Access for Investing in the Development of Afghanistan (FAIDA), Afghanistan Trade and Revenue Project (ATAR), Mining Investment and Development for Afghan Sustainability (MIDAS), TMF, and GIZ-IS.
Updates on MoMP activities in the gemstone sector	June 3, 2016	GIZ-IS	The ABADE COP met with Robin Grayson to receive an update on MoMP activities in artisanal mining.
Coordination update	June 8, 2016	TMF	The purpose of this meeting was to exchange information on the handicrafts sector and capacity building.
Coordination update	June 9, 2016	Regional Agricultural Development Program (RADP)-South	ABADE shared information about activities in Kandahar and completed PPAs.
Introduction meeting	April 12, 2016	Strong Hubs for Afghan Hope and Resilience (SHAHAR) Jalalabad	The purposes of this meeting were staff introductions and exchange of information about project activities and implementation.
Exchange of SME information	May 10, 2016	Musharikat Jalalabad	ABADE provided contact information for SMEs, introduced Musharikat staff to SMEs, and briefed Musharikat about the implementation of ABADE procedures.
Meetings related to internship program and ABADE's intern	May 26, 2016	Promote: Women in the Economy (WIE) Jalalabad	ABADE met with WIE to discuss their internship program, and WIE introduced a female intern to assist ABADE.
USAID Economic Growth monthly meeting	April 4, 2016	FAIDA, WIE, Agricultural Development Fund (ADF)	The aim of the meeting was to share reports for each program's activities and achievements over the last month.
Meeting with TMF	June 8, 2016	TMF	The aim of this meeting was to exchange information and find ways to cooperate in general, and specifically on carpets.
Agricultural Credit Enhancement Program Phase 2 ceremony.	May 18, 2016	Agricultural Credit Enhancement Program	The aim of the celebration, besides extension of the project, was to further introduce the ACE-II grant fund and procedures and eligibility for funds. The role of ADF was also discussed during the ceremony.

Collaboration Activity	Date	Organization	Key Highlights
Coordination meeting	June 28, 2016	WIE	The aim of this meeting was for ABADE to introduce women-owned SMEs so that WIE can continue its cooperation with them in the future as per its plan and procedures. WIE also provided contact details for ABADE to share with women-owned SMEs.
Implementing partners coordination meeting	April 25, 2016	USAID, RADP-North, Musharikat, ISLAH, HEMAYAT, CHECCHI Consulting, other USAID-funded projects	The ABADE-North implementation manager participated in this meeting, which aimed to train implementing partners to better communicate with USAID. The training included interesting and useful subjects like preparation of success stories and press releases and how to shoot successful photographs.
Coordination meeting with Senior Regional Manager of WIE	May 19, 2016	WIE	The ABADE-North Regional Manager and Deputy Regional Manager met with Mr. Naqibullah Azizpur, Senior Regional Manager of WIE-North. The agenda included program updates and better program coordination between ABADE and WIE in the region. It was agreed that ABADE will facilitate a joint PPA partners meeting where WIE can present their internship program.
Introduction and coordination meeting	June 12, 2016	SUPPORT II	The ABADE-North Regional Manager and Deputy Regional Manager, and the ABADE M&E Officer, met with Mr. Hoppy Mazier of SUPPORT II regarding the assessment of ABADE's M&E system. After this introductory meeting, Mr. Mazier proposed to visit some PPAs in Mazar. ABADE facilitated the visits.
Collaboration meeting	June 23, 2016	RADP-North	The ABADE-North Regional Manager and Deputy Regional Manager met with Mr. Rich Magnani, COP of RADP-North, and his DCOP, Value Chain Facilitation Advisor, and Business-Enabling Environment Advisor. The agenda included information sharing and a discussion of how to reach potential clients. RADP-North is a new, four-year, USAID-funded project working on the value chain in the agriculture sector. It was agreed that coordination meetings will continue and that ABADE will share information as possible about PPAs that might be considered clients for RADP.

6 Management and Administrative Issues

In April 2016, ABADE received a notice of ineligibility for risk management consulting (RMC) service provider Nakhil Risk Management Company. The USAID/ABADE Agreement Officer approved ABADE to complete the current sub-award, which ran through June 2016. In May 2016, ABADE issued a request for proposals for risk management services. Upon review of the proposals, ABADE selected TOR Risk Management Company (TOR) as the new service provider. TOR's contract was approved by USAID Partner Liaison Security Office (PLSO) and Agreement Officer and was signed in June 2016. All duties and responsibilities have been handed over to TOR in a timely manner, and TOR is scheduled to officially take over ABADE's risk management on July 1, 2016.

6.1 Personnel

Expatriate Staff

In Q3 of FY2016, there have been no changes in expatriate long-term field office staffing. However, on June 20, 2016, the ABADE program was joined by a new Headquarters Program Manager, Ms. Courtney McNamara, who took over all duties and responsibilities from the current Program Manager, Ms. Jessica Feldman. Ms. McNamara is scheduled to come to Afghanistan in July 2016 to cover some duties and responsibilities of ABADE DCOP-Operations, Mr. Miroslav Levanic.

In May 2016, ABADE was joined by two short-term technical assistance employees, Ms. Sophie Barry and Ms. Lalage Snow. Both consultants have been working on developing videos and video reports of ABADE PPAs and activities.



ABADE PPA partner Nangarhar Amiri Construction and Construction Laboratory receives a foam concrete mixing line and training for the staff on its use

National Staff

During Q3 of FY2016, the ABADE program was again affected by the special immigrant visa (SIV) program for Afghans who were employed by or on behalf of the U.S. government. In addition to four ABADE employees who resigned from the program in the first two quarters of FY2016 due to the SIV, three more ABADE employees resigned from ABADE in Q3: Mr. Saleem Sadat, Mr. Abid-Ur-Rahman Rahmani, and

Mr. Ahmad Roheen Aziz. ABADE decided not to replace their positions but to give more responsibilities to the existing staff.

ABADE also lost two additional employees who decided to separate from the program for personal reasons, Mr. Mir Abdul Hakim and Mr. Ahmad Jawid Nazimi, who were both Implementation Coordinators. Both have been replaced in a timely manner in accordance with IESC/ABADE recruitment policies and procedures.

7 Success Stories

During this quarter, five ABADE success story were received by USAID and are awaiting posting on USAID's website and Facebook page.

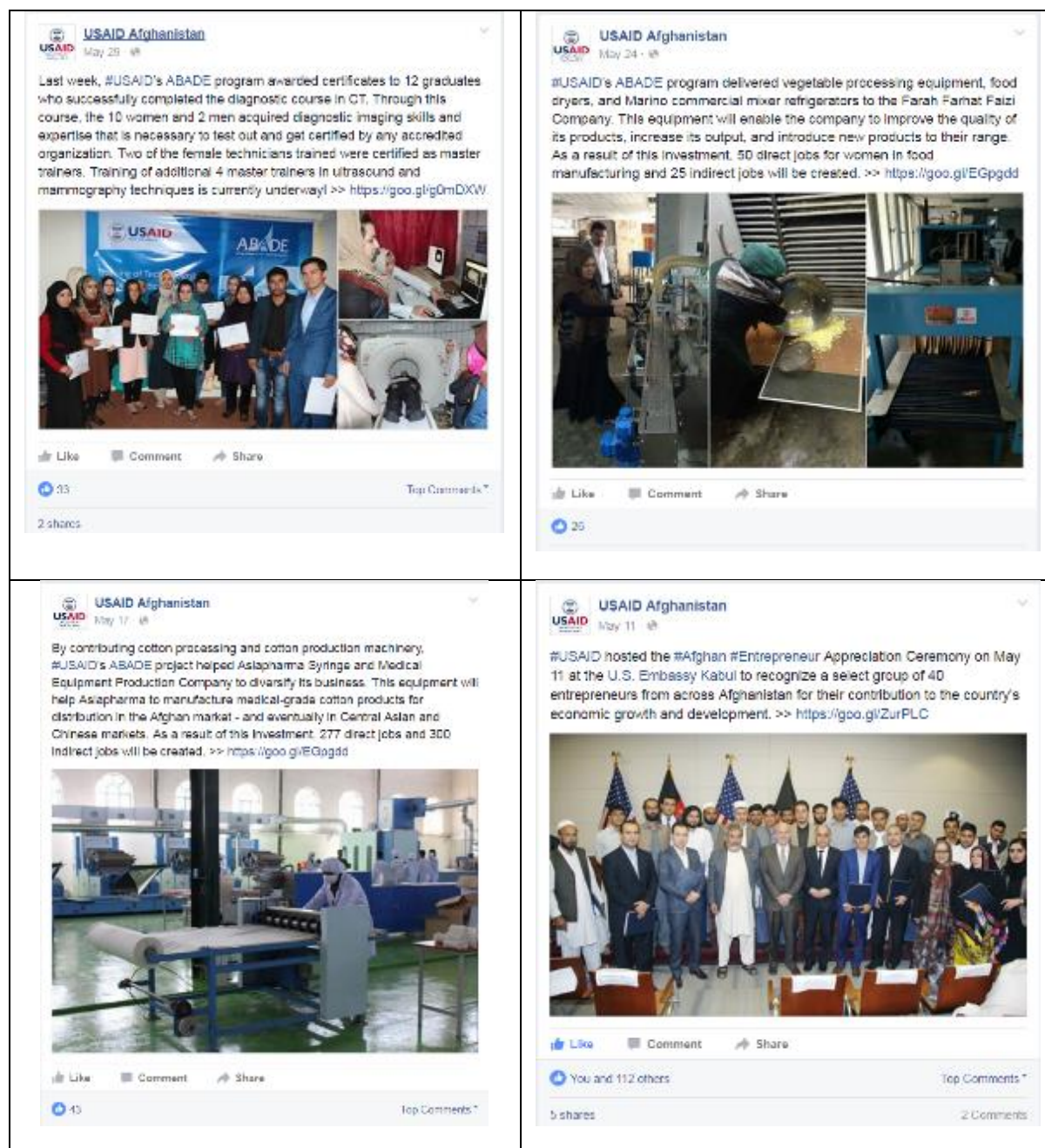
This quarter, ABADE also started preparing video versions of success stories. These short videos demonstrate the business opportunities available in Afghanistan and explain the successes ABADE has had with public-private alliances and trainings in the four years of the program. Primarily targeting USAID, other U.S. government partners, and the business community, the videos combine interviews and reportage to depict portraits of entrepreneurs, ABADE alliances, newly employed people, women and youth. The videos are recorded in English and Dari, and the video content will mix topics and formats both languages.

The overall objective of this project is to showcase ABADE PPAs and achievements in private business and investment in Afghanistan. Additional objectives are to: facilitate understanding of the local business environment through regional videos highlighting successful projects and people, showcase innovative and successful projects developed throughout the provinces, demonstrate how women and youth have benefitted from the project through both alliances and training, show the important role of women and youth in society and the local economy, and provide video clips for the ABADE exhibition in Washington, DC and for the final ABADE report and USAID Stories website. By showing these successful enterprises and projects, the videos may ultimately help stimulate private initiatives and investments to further the business environment in Afghanistan.

Two short-term videographers have been hired and fielded in May, with the first deliverable of 10 videos each. Both videographers completed initial research into ABADE's work and successes and selected stories for developing. Draft storyboards have been developed, and filming started for all of the 20 selected stories. Some of the selected stories include a graduate of ABADE's ultrasound training, the high-value skills training for women completed in June 2015, the success of vermicomposting, the journey of cashmere from a goat in Afghanistan to a luxury

brand sweater in Europe, and the stories of many women who have started or expanded their businesses with help from ABADE. The final versions of the 20 videos are expected in the next quarter.

Several shorter posts were posted on USAID Afghanistan's Facebook page. Some of these are shown below.



USAID Afghanistan
April 21 · 🌐

New cashmere dehairing equipment will enable the Cashmere Fiber Processing Company to meet established international market demand, reduce the costs associated with shipping raw cashmere and take advantage of #Afghanistan's ample supply of high-quality raw cashmere. #USAID's Assistance in Building Afghanistan by Developing Enterprises program shared the cost of purchasing and transporting the equipment. The investment will create 144 direct jobs in #Herat. >> <https://goo.gl/MvZe4>



Like Comment Share

27

2 shares

USAID Afghanistan
April 30 · 🌐

The New Mobarak paper manufacturer received equipment (box folding and gluing machines) for their color packaging printing line with support from USAID's #ABADE program. The company can now package its products and improve its designs to appeal to different #Afghan markets. The expansion will create approximately 200 direct jobs in #Herat. <https://goo.gl/XKYS6P>



Like Comment Share

27

2 shares

USAID Afghanistan
April 7 · 🌐

Two Afghan sisters expanded their business and increased clients for their clothing company with the support of USAID. Check out how >> <https://goo.gl/7P7KDu>



Like Comment Share

66

1 share

USAID Afghanistan
April 3 · 🌐

Investment in a steel mill will create 250 direct jobs and 100 indirect jobs in Kandahar Province. USAID, through its Assistance in Building Afghanistan by Developing Enterprises Program, procured three-fourths of the emission control units including a rolling mill, a reheating furnace, new electric cabling, workshop machinery, and a crane. The Mahmoud Star Steel Mill invested one-fourth of the cost in a new power transformer, cooling beds, water tanks, and also paid for the emission control unit. The imported equipment will reduce the cost of materials for local construction.



Like Comment Share

26

3 shares

8 Annexes

Annex 1: New PPAs in Q3 of FY2016

Table 9 – PPAs Signed in Q3, FY2016

PPA Number	Activity	Organization	Province
PPA-A297	Carpet Weaving Vocational Training Center	Afghanistan Rugs and Carpet Center (ARCC)	Kabul
PPA-A298	Expansion of Carpet Production	Naw Bahar Shamal Ltd	Jalalabad

Profiles of PPAs Signed in Quarter 2, FY2016

1. Carpet Weaving Vocational Training Center – Afghanistan Rugs and Carpet Center (ARCC) (PPA-A297)

Afghanistan Rugs and Carpet Center (ARCC) is a Kabul-based carpet producer established in 2004. The company employs 411 FTE staff engaged in production and sales of handmade carpets for export to international markets. Currently, the company outsources carpet finishing. To save money and bring quality control of carpet finishing in house, ARCC seeks to establish its own carpet finishing facility. It will also acquire additional equipment that will enable it to substantially increase production and establish Afghanistan's first "sheep to shop" carpet industry vocational skills institute, which will be a non-profit division of ARCC. The institute will provide training to industry workers and individuals who want to learn the business (with a focus on the latter). At present, only a few Afghan companies are capable of producing carpets to the highest international standards. ARCC's vocational skills institute will help correct this through technical skills training and training in international marketing and sales. The institute will refer graduates to open jobs within ARCC or other companies in the industry. ARCC will hire 351 additional FTE staff as a result of the expansion. The vocational skills institute will benefit a further 300 Afghans per year. It is proposed that ABADE contribute 300 carpet looms of various sizes, a wool washing machine, a dewatering machine, a tray wool drying machine, a wool coloring machine, an automatic carpet washing machine, an automatic carpet spin dryer, an automatic carpet dust remover, a cutting and trimming machine, a packaging machine, a printer, solar panels, a wastewater treatment plant, and equipment transportation costs. ARCC will commit all its existing capital items and invest in land (8,000 m²), construction of a new carpet production and finishing facility, installation and foundation construction for the wastewater treatment plant, a wool carding machine, and equipment installation and technical training costs. ARCC will also be responsible for hiring and training all new staff and for implementing the investment.

2. Expansion of Carpet Production – Naw Bahar Shamal Ltd

Naw Bahar Shamal Ltd (Naw Bahar) is a MoCI-registered, Jalalabad-based carpet production company founded in 2002. The company began as a wool spinning and handicrafts business, and now employs 818 staff engaged in production of carpets with distinctive designs. These are sold to carpet traders for export. Naw Bahar now seeks to expand its carpet production capacity to capitalize on continued demand for quality handmade Afghan carpets. This investment in new carpet weaving equipment will enable business expansion and create 1,637 new full-time jobs, primarily for women with limited employment opportunities. For this investment, it is proposed that ABADE contribute 951 carpet looms of various sizes. Naw Bahar will commit all of its existing capital items to this investment, plus pay for other small equipment (scissors, hooks, combs, meter tape, and spare parts) and for vehicles and delivery and installation of the new frames.

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